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**THE REMITTANCES BEHAVIOUR OF THE SECOND  
GENERATION IN EUROPE:  
ALTRUISM OR SELF-INTEREST?**

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# **The Remittances Behaviour of the Second Generation in Europe: Altruism or Self-Interest?**

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## *Abstract*

Whereas most research on remittances focuses on first-generation migrants, the aim of this paper is to investigate the remitting behaviour of the host country-born children of migrants - the second generation - in various European cities. Some important studies found that migrant transnationalism is not only a phenomenon for the first generation, but also apply to the second and higher generations, through, among other things, family visits, elder care, and remittances. At the same time, the maintenance of a strong ethnic identity in the ‘host’ society does not necessarily mean that second-generation migrants have strong transnational ties to their ‘home’ country.

The data used in this paper is from “The Integration of the European Second Generation” (TIES) project. The survey collected information on approximately 6,250 individuals aged 18-35 with at least one migrant parent from Morocco, Turkey or former Yugoslavia, in 15 European cities, regrouped in 8 ‘countries’. For the purpose of this paper, only analyses for Austria (Linz and Vienna); Switzerland (Basle and Zurich); Germany (Berlin and Frankfurt); France (Paris and Strasbourg); the Netherlands (Amsterdam and Rotterdam); Spain (Barcelona and Madrid); and Sweden (Stockholm) will be presented.

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To study the remitting behaviour of the second-generation Moroccans, Turks and former Yugoslavs residing in these 13 European cities, we will start with descriptive analyses (prevalence, amount), followed by logistic (multinomial) regression on the likelihood and amount of remittance. We are particularly interested in the following question: Are the second-generation remitters more driven by altruism or by self-interest? If altruism is the main driving force, we can expect that ‘emotional attachment’ factors (e.g., presence of parents in ‘home’ country, strong feelings to the country of origin or ethnic group of the parents, high intensity of cultural orientation towards the country of origin of the parents) will be the main predictors of the remitting behaviour, while factors like ‘investment in parents’ country of birth’ and ‘return intention’ will be more central if second-generation migrants remit for self-interested reasons.

**JEL Class.:** F22, F24

**Key words:** migration, second generation, remittances, European countries



# **The Remittances Behaviour of the Second Generation in Europe: Altruism or Self-Interest?**

## **1. Introduction**

The connections between first-generation migrants and their households in the country of origin have been broadly studied by the scholars worldwide. Many of these studies have focused on the analysis of remittances, explaining migrants' transfer behaviour. There is a close relationship between the evolution of the theory of migration and the interpretation of the phenomenon of remittances. The neo-classical migration theory (Harris and Todaro 1970; Sjaastad 1962; Todaro 1969) considers migration as an individual choice in that income-maximizing individuals act in response to geographical differences in the supply and demand for labour and tends to "disregard other migration motives as well as migrants' belonging to social groups such as households, families and communities" (De Haas 2010, p. 231). In such context, remittances did not find a justification. In the 1980s and 1990s, the 'New Economics of Labour Migration' (NELM) theory (Stark and Bloom 1985; Taylor 1999) rejects the neo-classical model, considering it as too rigid to explain the determinants of migration. The NELM theory views migration not any more as an individual income-maximizing strategy, but as a project developed within the family context to spread income risks and to overcome local market constraints. In the NELM, remittances represent the household strategy to overcome market constraints and, in contrast with the neo-classical migration theory, they are considered as the primary objective of the decision to migrate.

The relationships with the family in the home country represent the core element of migratory projects of the first-generation migrants (Levitt 2001), but the same cannot automatically be affirmed for the second generations. Over the years, a number of 'remittance motives theories' have been developed for the first-generation migrants, but there are no specific theories for the second generations. Although some important studies (Leichtman 2005; Levitt 2001; Levitt and Water 2002)

found that transnationalism is not only a phenomenon for the first generation, but also apply to the second and higher generations, through, among other things, family visits, elder care, and remittances (Baldassar et al. 2007; Zontini 2007), the literature on their remittance behaviour is still scarce. Only a few studies, mainly North American, has attempted to analyze the main predictors of the remitting behaviour of second generations (Kasinitz et al. 2008; Lee 2007; Bautista 2009).

In this paper, for the first time in the European context, we will examine second generation's remittances behaviour. More specifically, we are interested in the prevalence and amount of remittances of the second-generation Moroccans, Turks and former Yugoslavs residing in various European cities trying to answer the following research questions: To what extent are the second-generation migrants sending remittances to their homeland? And what are the reasons behind their remitting behaviour: are the second-generation remitters more driven by altruism or by self-interest (Brown 1997; Cox et al. 1998; Funkhouser 1995; Lucas and Stark 1985; Van Dalen et al. 2005)?

## **2. Theoretical background**

The remittances literature distinguishes between an altruistic motive to remit, pure self-interest motives, and intermediate motivations: the enlightened self-interest/tempered altruism. For an excellent overview of those theoretical models, we refer to Rapoport and Docquier (2005).

In the *altruistic* model the migrant sends remittances to the household members in the country of origin because s/he cares about them. The reasons behind the altruistic behaviour are of emotional and social kind and are aimed at improving the living conditions of the family and at preserving and strengthening the ties between remitters and the relatives at home. According to this model there is a positive relation between the amount of remittances and migrant's income and a reverse relation with the income of the household in the country of origin (Durand et al. 1996; Lucas and Stark 1985; Osili 2004). Furthermore, altruism decreases gradually over time and with familial distance, as well

as with the number of migrants in the same household (Agarwal and Horowitz 2002; Funkhouser 1995). In the altruism model there is a positive relation between the amount and the probability of remittances, which means that those who are more likely to receive remittances will receive higher amount of remittances.

If the migrant's behaviour is led by *pure self-interest* motivation, the remittances could be sent for three reasons. First, remitting behaviour can be driven by the aspiration of *inheritance*. In the case of the bequest motivation, the migrant sends remittances in order to strengthen his/her reputation at home and to assure an important role within the family hierarchy. Hence, the higher the assets to inherit and the higher the migrant's income, the greater the amount of remittances sent (De la Briere et al. 1997; Hoddinott 1994; Osili 2004; Schrieder and Knerr 2000). Furthermore, remittances are expected to be strongly related to the probability to inherit and hence, to be negatively related to the degree of risk aversion and familial distance and to have an inversely U shape relation with the number of migrants in the same household (heirs): sharing the inheritance with other migrants means higher competition which could increase the migrant's remittances, but the likelihood of inheriting is smaller with an increasing number of heirs and this could decrease remittances.

Second, migrants (usually temporary migrants) could remit money for an *exchange* motivation: for investing in assets in the country of origin, or providing for their maintenance and the relatives left behind could represent the agent (Garip 2006); for paying for the services provided by the family at home such as caring of the children left behind (Cox 1987; Cox et al. 1998). According to this model remittances increase with migrant's income and either decrease or increase with the household's income (which is a proxy for the services' prices), depending on the elasticity of migrant's demand for the services provided. If the migrant's demand is elastic, it means that s/he will ask for fewer services and so remittances will decrease; if his/her demand is inelastic, on the other hand, the migrant will ask the same services but at a higher price, resulting in more remittances. The latter, however, is an important prediction of the exchange motivation, because it allows to



discriminate between exchange and altruistic behaviour (Rapoport and Docquier 2005). Another remarkable prediction of this model is the negative relation between remittances and the migrant's education, since the exchange motivations are typical for temporary migrants, whereas the more educated migrants are expected to have lower propensity to return.

The third pure self-interest model is the *strategic* one (Stark 1995). The reasons behind remittances are the result of a strategic behaviour of the high skilled workers, who want protect their wages from being depressed by the presence of low skilled migrants. According to this model the migrants' wages are based on the average productivity of the pool of migrants to which they belong, because of the lack of information about individual skill levels, which unable the employers at the destination country to distinguish among workers in term of their productivity. For this reason skilled migrants may have incentives to dissuade the unskilled from migrating, and thus send remittances. The strategic model predicts that remittances increase with migrant's income and education and decrease with household income, since the strategic behaviour aims at reducing the main incentive to migration, represented by the wage differentials between the two countries. Furthermore, remittances are expected to decrease over time because the high skilled workers' skills will increasingly be noticed and valued by employers at the destination.

One of the difficulties in testing both theories - altruism and self-interest - is that it is hard to discriminate motivations derived from the two alternative models of remittances behaviour, because remittances tend to combine a diverse set of factors and reasons. Besides altruism and self-interest may coexist, some of their predictors overlap. Lucas and Stark (1985, p. 904) affirm that "In the end one cannot probe whether the true motive is one of caring or more selfishly wishing to enhance prestige by being perceived as caring". But the two authors suggest a test in order to distinguish the self-interest motivation from the altruistic one: if the remittance behaviour is affected by a strong bargaining power of the household (for example by the sanctions against migrants), it does not fit

with the altruistic model. Thus the prediction is that the greater the household's wealth in the country of origin, the higher its bargaining power and the higher the amount of remittances sent by migrants. Whereas the prediction of the altruistic model is the reverse: higher amount of remittances flows to poorer households (Lucas and Stark 1985; Stark and Lucas 1988).

These two extreme motivations (altruism and pure self-interest) do not fully explain the migrants' remittance behaviour. Lucas and Stark (1985) elaborated an intermediate model in order to better explain the motivation to remit: the *enlightened self-interest*, (or *tempered altruism*), that represent an inter-temporal, mutually beneficial, contractual arrangement between migrants and their households in the country of origin (Gubert 2002; Lucas and Stark 1985; Poirine 1997). According to this model remittances could satisfy both the interest of migrants and their families left behind. The two basic elements of this contractual arrangement are investment and risk.

In the *investment* case, remittances might constitute the repayment with interest of the migration costs or the cost of migrant's education (Hoddinott 1994; Ilahi and Jafarey 1999; Poirine 1997). A household finances a potential emigrant's education, which allows him/her to find a better paid job abroad. The aim of such family contract is to increase income rather than reduce uncertainty. The family's receipts rise with geographical distance and migrant's education: the further away the country of origin and the higher the education completed, the higher the costs made by the household and hence, the more remittances will be transferred. With regard to the educational effect, it is difficult to discriminate between this model and the altruistic and pure self-interest ones, because both the altruistic and pure self-interest behaviours also predict a positive relation between remittances and migrant's income and so education. Nevertheless, Lucas and Stark (1985) suggest that in the investment model the effect of education on the amount (and probability) of remittances should be higher among the close relatives of the household such as for the children of the head (familial distance). Another interesting prediction of this model is the inverse-U relation between remittances and the household's income, since migration is

constrained by liquidity and the family wealth enable to finance migration; for higher value of family wealth migration is unconstrained and the relation between remittances and family income is decreasing.

Remittances could also represent a common household *risk reducing and diversification* strategy in less developed countries, where the capital market and the insurance system are incomplete. In particular households in rural context allocate one or more members of the family to a non-correlated labour market (an urban area for example), not to maximize the income, but rather to minimize the risk of worsening of the economic and social conditions of the family at home. The risks are insured through remittances. Contrary to the other models, remittances are not dependent on either the migrant's or household's income, but they are more likely to occur when income at origin is more volatile and the household holds sizeable, and thereby more risky assets. At the same time, the household supports the migrant by paying costs of migration or during the initial job search or spells of unemployment. Although remittances as an answer to families' shocks could also be consistent with the altruistic model, there is a basic difference between the two models, represented by the timing variable: according to the altruistic behaviour remittances decrease gradually over time, whereas in the co-insurance model remittances are sent on a relatively irregular basis, without decrease during a given period (if specified in the contract) and with a sharp decline after a while (after the end of the contractual obligation).

Both the investment and risk agreements are self-reinforced thanks to the simultaneous coexistence of altruism and (one of the three types of) self-interest motivations. The aspiration of the migrant to inherit, to invest in assets, or to return, means that s/he has a vested interest in the home country. Therefore, the self-interest can prevent migrant from defaulting. Moreover, the family may possess sanctions that can be used to control the behaviour of their migrant members like depriving them from their rights to inherit, to future family solidarity, or the right to return, and hence, to secure remittances (Lucas and Stark 1985).

### **3. Linking second generations to remittances**

Research on remittances behaviour of second generation's migrants is still limited. As yet, there are relatively few studies analyzing the main determinants of second generation remittances. Those studies are predominantly North American and focus on a particular community, or on the comparison between communities, or between generations. Furthermore, the remittances behaviour of second generations is not analyzed independently but in a comparison to the first-generation migrants. For example in her study on Tongans community in Australia, Helen Lee (2007) found that the transnational ties of the second generation were not as strong as those of their parents; they were less likely to remit and if they did, they sent less money compared to their parents. Only a small share of Tongans' second generation had sent remittances to Tonga, with females that were more likely to remit than their male counterparts, and the main determinant of remittances was represented by parents' pressure, or by the presence of relatives in Tonga. Other factors supposed to foster transnational ties such as frequent visit to Tonga and the degree of attachment to the parents' home country, had no direct influence on remittance's behaviour.

In the case of Filipinos in the United States, Jennifer Bautista (2009) looked at potential gender differences in the intention to remit among second generation, comparing first generation's practice and second generation's intention to remit. She found that almost all second-generation Filipino were willing to remit in the future, regardless of gender, in order to perpetrate the parents' tradition of remitting, even if they never visited the Philippines, neither they spoke the language. In conclusion, the emotional and cultural ties to the parents' homeland seem to be the main predictors of the willingness to remit, bearing in mind that in the Filipino migrants' tradition, remittances have an important economic and social role (Clark and Drinkwater 2007; Menjivar et al. 1998).

Another study that shows the importance of second generation remittances have come from a survey in the New York metropolitan

area. Kasinitz et al. (2008) focused on second generation's transnational activities, including remittances, analyzing the differences in the likelihood to remit among first and second-generation migrants. Their results show that the second generation were less likely to send money back to their parents' homeland, compared to the first generation, and that the remittances behaviour varied across different communities. The lower remittance activity among second generation was attributed by the authors to both the young age of the respondents – in the future they would probably have send more money – and the low level of other transnational activities compared to their parents.

The question whether transnationalism is only a phenomenon among first-generation migrants or also applies to second generation is controversial. Gans (1997) shows that transnational ties decrease because of increasing assimilation process over generations, assuming a negative association between transnationalism and integration in the 'host' society, meaning that the stronger the integration the lesser the maintenance of transnational ties. On the contrary, Foner (2002) writes that the second generation will be more engaged in transnational practices than the first one. Other scholars (Portes et al. 1999; Guarnizo et al. 2003) consider transnational ties and integration as complementary and not as mutual exclusive, particularly in the case of economic integration: economically integrated individuals dispose of increased cognitive and financial capacity for maintaining transnational ties.

At the same time, the maintenance of a strong ethnic identity in the 'host' society does not necessarily mean that second-generation migrants have strong transnational ties to their 'home' country (Vickerman 2002). Hence, many scholars of the second generation try to distinguish more accurately the actual involvement in transnational relations, compared to processes of ethnic identification that could be purely in symbolic terms (for example the 'emotional transnationalism' – Wolf 2002), without reference to specific forms of transnational activities (Kasinitz et al. 2002; Louie 2006). Levitt et al. (2003) differentiate a "comprehensive" transnationalism from a "selective" one, in order to distinguish individuals who retain intensive transnational activities from those who have periodic or occasional ties with the country of origin.

Largely building on the work of Rapoport and Docquier (2005), Table 1 presents the expected effects of the main explanatory variables on remittances according to the ‘remittance motives theories’ described above. However, as these theories were developed for the first-generation migrants, several theoretical underpinnings are not predicated in the case of second generation’s remittances behaviour. This in particular holds for the two enlightened self-interest/tempered altruism models. In these models, the direct link between remittances and family’s costs of education and subsequent migration is central, which is difficult to transform to the second generation: they attend school in the ‘host’ country and it is highly unlikely that the contractual agreement between their parents and family transfers across generations. Consequently, we will restrict our attention to test the effects of the variables predicted by the altruism and pure self-interest models, with the exception of the effect of the households’ socioeconomic status as relevant information is missing. Our main purpose in this article is to test whether the remitting behaviour of second-generation migrants in Europe is more driven by altruism or by self-interest.

We hypothesize that the theoretical reasoning and related expected effects of the altruism and pure self-interest models might also hold for the second-generation migrants: they may send remittances as an act of mere generosity without any kind of commitment or obligation to the relatives or friends in their parent’s home country; their behaviour could be led by selfish motivation in order to enlarge the likelihood of inheritance, to reimburse those who take care of their investments and assets in the country of ‘origin’, or to facilitate their intention to ‘return’<sup>§</sup>. So we will examine whether the effects of respondent’s characteristics are in the predicted direction of the altruism and/or pure self-interest models outlined in the highlighted part of Table 1.

Several other new factors, not considered by the above mentioned theories, can be expected to be less or not important in case of “altruism”

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<sup>§</sup> Strictly speaking, it is not a return – they are born and raised in Europe – but a move to their parents’ country of birth. For protagonists themselves, however, it is an ontological sense of return to a point of origin, their ethnic homeland (King and Christou 2010). Therefore, and for the sake of simplicity, we use the term return throughout this article.

motives, while they are important in case of “self-interest” and vice versa. For example, “emotional attachment” factors (e.g., strong feelings to the country of origin or ethnic group, high intensity of cultural orientation towards the country of origin) are expected to be main predictors of the altruistic motivation. On the other hand, “economic attachment” and return-related factors<sup>\*\*</sup> (e.g., investment and assets at home, dissatisfaction with the level of equal treatment in the educational system and in the labour market) will be more strongly related to the self-interest motivation to remit.

Table 1. Summary of the predicted effects of several explanatory variables on remittances<sup>††</sup>

|   | Altruistic   | Pure self-interest |                                       |                     | Enlightened self-interest/<br>tempered altruism |   |
|---|--------------|--------------------|---------------------------------------|---------------------|---|---|
|   |              | Inheritance        | Exchange                              | Strategic<br>motive | Investment                                      | Risk/Co-insurance   |
| Household's socio-economic status         | -            | +                  | + (but - in case of inelastic demand) | 0                   | ∩   | 0   |
| Immigrant's socio-economic status         | +            | +                  | + (but - in case of education)        | +                   | +   | 0   |
| Number of migrants in the same household  | -            | ∩                  | 0                                     | 0                   | 0   | 0   |
| Distance                                  | - (familial) | - (familial)       | 0                                     | 0                   | + ( geographical)                               | 0   |
| Time                                      | - (linear)   | 0                  | 0                                     | -                   | 0   | 0 (but sharp decline after the end of the contractual obligation) |
| Emotional attachment (excl. close family) | +            | 0                  | 0                                     | 0                   | +   | +   |
| Economic attachment                       | 0            | 0                  | +                                     | 0                   | +   | +   |
| Return-related factors                    | 0            | 0                  | +                                     | 0                   | +   | +   |

<sup>\*\*</sup> The literature on the second generation's transnationalism focuses also on the “roots migration” describing the migration of the second generation to the parents' homeland (Levitt 2009; Wessendorf 2007).

<sup>††</sup> The different colours make distinction between expectations based on classical theories and our three additional expected effects

## 4. Data and Measurements

To test our hypotheses, we use survey data from “The Integration of the European Second Generation” (TIES) project, a collaborative and comparative research project on the lives of second-generation individuals of Turkish, Moroccan and former Yugoslavian descent in several cities across Europe.<sup>‡‡</sup> The survey, conducted in 2007-2008, collected information on 9,771 individuals aged 18-35, including 3,750 persons belonging to a ‘native’ control group. The countries and cities were selected on the extent of ethno-racial segregation and on the basis of contrasting immigration, naturalization and integration policies so that respondents would reflect a wide spectrum in policy contexts. In this article, analyses for cities in Austria (Vienna and Linz), Switzerland (Zurich and Basle), Germany (Berlin and Frankfurt), France (Paris and Strasbourg), Spain (Barcelona and Madrid), the Netherlands (Amsterdam and Rotterdam), and Sweden (Stockholm) are presented.<sup>§§</sup> In those cities, an identical questionnaire was used, which made it possible to pool the data sets. The pooled multinational sample is reduced to N=3,765 (prevalence remittances) and 3,690 (amount of remittances), respectively, due to the exclusion of the ‘native’ individuals and missing values on relevant variables.

### *Dependent variables*

Respondents were asked whether they have sent money to the country of birth of their parents in the last five years and if so, how much approximately per year, with the response categories: (1) less than 500

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<sup>‡‡</sup> The TIES project is coordinated by Maurice Crul and Jens Schneider, both of whom are affiliated with the Institute for Migration and Ethnic Studies (IMES) of the University of Amsterdam in the Netherlands. The survey was carried out by survey bureaus under supervision of the nine national TIES partner institutes: IMES and the Netherlands Interdisciplinary Demographic Institute (NIDI) in the Netherlands; the Institute for Social and Political Opinion Research (ISPO) of the University of Leuven in Belgium; the National Institute for Demographic Studies (INED) in France; the Swiss Forum for Migration and Population Studies (SFM) of the University of Neuchâtel in Switzerland; the Centre for Research in International Migration and Ethnic Relations (CEIFO) of the University of Stockholm in Sweden; the Institute for Migration Research and Intercultural Studies (IMIS) of the University of Osnabrück in Germany; the Institute for the Study of Migration (IEM) of the Pontifical Comillas University of Madrid in Spain; and the Institute for European Integration Research (EIF) of the Austrian Academy of Sciences in Austria. For further information on the TIES project and country documentation, see [www.tiesproject.eu](http://www.tiesproject.eu).

<sup>§§</sup> For reasons of differences in the questionnaire design and restricted access to the data, the Belgium cities Brussels and Antwerp are excluded.



Euros, (2) 500-1000 Euros, (3) 1000-2000 Euros, and (4) more than 2000 Euros. Based on this information, two variables were created: a dummy variable whether the person did send remittances (0=no, 1=yes) and a categorical variable representing the amount of remittances, with three values, 0=no remittances, 1=less than 500 Euros, and 2=500 or more Euros.

### *Independent variables*

Four variables refer to immigrant's socio-economic status: (1) *perceived difficulties with current income*, running from 0=great difficulties to 4=comfortable; (2) *educational attainment*, reflecting the highest level of education the respondents had completed by obtaining a qualification or diploma, harmonised across countries<sup>\*\*\*</sup>, ranging from 1= no school or primary school to 5=completion of tertiary school; (3) whether or not being currently *employed* (0=no, 1=yes); and (4) current or last *occupational attainment*, coded according to the International Socio-Economic Index of Occupational Status (ISEI; Ganzeboom & Treiman, 1996) of occupational status, running from 16 (e.g., domestic workers, cleaners and launderers, agricultural and fishery labourers) to 88 (medical doctors), with the mean ISEI score by immigrant group, gender, and country of residence for those who never had worked.

The number of migrants in the same household is measured by the *number of siblings* and its square to test whether the effect is non-linear, inverse U-shaped effect.

*Presence of parents abroad* (0=no, 1=yes) is the only opposite indicator we could include for familial distance.

Respondent's age (in years) is the proxy for time.

Eight variables refer to emotional attachments: (1) *feelings of belonging to parents' home country*, ranging from 0=very weak/not at all to 4=very strong; (2) *watching TV-channels from parents' home country*, running from 0=never to 3=exclusively; (3) *use of internet for information about parents' home country* (0=no, 1=yes); (4) *use of ethnic language in family setting*, running from 0=always using the

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<sup>\*\*\*</sup> To make educational attainment comparable across countries, national educational system qualifications were transformed into UNESCO's ISCED categories (Schneider, 2008).

language of parents' country of origin to 1=always using the language of the country of residence<sup>†††</sup>; (5) *participation in organisations of ethnic signature* (0=no, 1=yes)<sup>†††</sup>; (6) *co-ethnic friendship*, representing the number of co-ethnic friends amongst the three best friends (score: 0-3); (7) partner status, comparing those having a *first- or second-generation partner* (0=no, 1=yes) with those having a partner of another ethnicity (including 'native' partner) or no partner; and (8) whether or not *visiting parents' home country for family reasons* during the last five years (0=no, 1=yes).

Economic attachment is measured by the variable *investment*, i.e., whether or not the individual invested money in business or real estate in the past five years to parents' home country (0=no, 1=yes). Three variables refer to return-related variables: (1) *return migration intention* is measured by the question: 'Do you intend to live in your parent's country of birth in the future for a period of one year or longer?' with the response categories running from 0=certainly not to 3=certainly. (2) *level of satisfaction with career*, with three categories, 1=better than expected (reference group), 2=worse than expected, and 3=far worse than expected; and (3) extent of *satisfaction with level of education*, ranging from 0=completely dissatisfied to 4=completely satisfied. The last two variables measure subjective elements of one's structural integration. They were included as return-related factors because of their link with the failure-success binary of the migrant's strategies (Heckmann 2005). The direction of their effects, however, cannot be predicted a priori. According to the neoclassical approach, return migration is mainly interpreted as the result of an integration failure in the host country; migrants who feel that they failed to improve their lives in the host country are more likely to return. The New Economics of Labour Migration, on the other hand, consider return migration as the outcome of success; returnees are those who had achieved their goals.

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<sup>†††</sup> The respondents were asked which language they use, if applicable, with their siblings, mother, father, and current/last partner. The response categories ranged from "mostly the language of parents' country of origin" to "mostly the language of the country of residence". The scores on these four items were converted into one summary scale, reflecting the degree of *use of ethnic language in family setting*.

<sup>†††</sup> A list of organisations was presented to the respondents. After indicating whether or not they had participated in each organisation in the past year, they were asked in which of these organisations the activities are mostly oriented towards the ethnic community.

Finally, several (socio-demographic) characteristics that are generally known to have an effect on remitting behaviour were included as control variables in the analyses. The first one is gender, with *man* being the reference group. Another variable controlled for is *religiosity*, a constructed variable based on four items of religious behaviour (fasting, eating halal food, daily prayer, and visiting the mosque) and self-identifying as Muslim, comparing those who were “no Muslim at all” (“never” on the four items on religious behaviour and not identifying themselves as Muslim) with “strict Muslim” (fasting, eating halal food, daily prayer and visiting the mosque “most of the time” or “always”), “social Muslim” (only fasting and eating halal food “most of the time” or “always”; one or both of the other two items on religious behaviour less often), “symbolic Muslim” (one or more of the four items on religious behaviour less often), and “identificational Muslim” (“never” on the four items on religious behaviour but they identified themselves as Muslim). Clark and Drinkwater (2001: 23) argued that religiosity is of importance in the remitting behaviour: they explained differences in remitting behaviour among ethnic group through religious affiliation, stressing that Islam emphasise “brotherhood across international frontiers”. Furthermore, the *immigrant group* variable was included, indicating the members of our target groups and differentiates between the second-generation Turks (reference group), Moroccans and former Yugoslavs. To examine whether remitting depends on the geographic distance between ‘host’ and ‘home’ country the variable *geographical distance* (between the current city of residence and the biggest city in parents’ home country, in kilometres) was created. Finally, to examine whether remitting varies across different policy regimes, the dummy variable *multicultural policies*, distinguishing the participating countries with a more multicultural approach (Sweden, the Netherlands) from those with a more exclusionist or assimilationist approach (Austria, Germany, France, Spain, Switzerland), was created.

## 5. Results

With regard to the first research question – to what extent are the second-generation migrants sending remittances to their homeland – we find that around 19% of the immigrants in our sample remit; 9% remits less than 500 Euros, whereas 8% remit more than 500 Euros.

In order to identify the variables that best predicted the remitting behaviour of second-generation migrants in Europe, and particular whether remitting was more driven by altruism or by self-interest, (multinomial) logit regression analyses were carried out. For ease of interpretation, the results are reported in odds ratios (prevalence) and marginal effects (amount of remittances)<sup>§§§</sup>, respectively. Tables 2 and 3 present the results of these analyses.

Table 2. Effects (odds ratios) of variables on likelihood of sending remittances among second-generation migrants in selected TIES-cities ( $N=3,765$ )

| Model:  | 1       | 2       | 3       | 4       | 5       |
|---|---------|---------|---------|---------|---------|
| <b>Control variables</b>                        |         |         |         |         |         |
| Man   | 1.11    | 1.06    | 1.26*   | 1.05    | 1.07    |
| Type of Muslim (ref. no Muslim at all):         |         |         |         |         |         |
| Strict Muslim                                   | 2.02*** | 2.53*** | 0.98    | 1.62**  | 1.03    |
| Social Muslim                                   | 2.43*** | 3.09*** | 1.25    | 2.08*** | 1.41*   |
| Symbolic Muslim                                 | 1.80*** | 2.05*** | 1.22    | 1.58*** | 1.25    |
| Identificational Muslim                         | 1.54    | 1.67*   | 1.14    | 1.47    | 1.21    |
| Immigrant group (ref. Turks)                    |         |         |         |         |         |
| Moroccans                                       | 0.69*   | 0.67*   | 1.03    | 0.68**  | 0.94    |
| (Former) Yugoslavs                              | 2.36*** | 2.36*** | 2.21*** | 2.41*** | 2.32*** |
| Geographical distance                           | 1.00*** | 1.00*** | 1.00*** | 1.00*** | 1.00*** |
| Multicultural (versus DE/A)                     | 1.09    | 1.03    | 1.14    | 1.12    | 1.13    |
| <b>Immigrant's socio-economic status</b>        |         |         |         |         |         |
| Perceived difficulties with income              |         | 1.09    |         |         | 1.05    |
| Educational attainment                          |         | 1.01    |         |         | 1.01    |
| Employed  |         | 1.52*** |         |         | 1.66*** |
| Occupational attainment                         |         | 1.00    |         |         | 1.00    |
| <b>Number of migrants in the same household</b> |         |         |         |         |         |
| Number of siblings                              |         | 1.05    |         |         | 1.00    |
| Number of siblings-square                       |         | 1.00    |         |         | 1.00    |

<sup>§§§</sup> The marginal effect gives the change in probability by one unit change in an explanatory variable when all other variables are held constant at sample mean values. For example, the marginal effect for a dummy variable is the difference between being in Category 1 and being in Category 0. Per variable the marginal effects sum up to zero.

|   |      |      |         |          |         |
|---|------|------|---------|----------|---------|
| <b>Familial distance</b>                                    |      |      |         |          |         |
| Parents abroad  |      |      | 2.72*** |          | 2.58*** |
| <b>Time</b>   |      |      |         |          |         |
| Age   |      |      | 1.08*** |          | 1.05*** |
| <b>Emotional attachment (excl. close family)</b>            |      |      |         |          |         |
| Feelings of belonging to parents' home country              |      |      | 1.05    |          | 1.06    |
| Watching TV-channels from parents' home country             |      |      | 1.15*   |          | 1.14*   |
| Use of internet for information about parents' home country |      |      | 1.55*** |          | 1.47**  |
| Use of ethnic language in family setting                    |      |      | 1.64**  |          | 1.37    |
| Participation in organisations of ethnic signature          |      |      | 1.62*** |          | 1.55*** |
| Co-ethnic friendship  |      |      | 1.01    |          | 1.07    |
| Partner (ref. native or no partner)                         |      |      |         |          |         |
| First-generation partner                                    |      |      | 3.42*** |          | 2.28*** |
| Second-generation partner                                   |      |      | 1.67**  |          | 1.25    |
| Visiting parents' home country for family reasons           |      |      | 1.74*** |          | 1.68*** |
| <b>Economic attachment and return-related factors</b>       |      |      |         |          |         |
| Investment  |      |      |         | 11.29*** | 7.88*** |
| Return migration intention                                  |      |      |         | 1.14***  | 1.12**  |
| Satisfaction with career:                                   |      |      |         |          |         |
| Far worse than expected                                     |      |      |         | 1.49**   | 1.51*   |
| Worse than expected   |      |      |         | 1.08     | 0.94    |
| Satisfaction with level of education                        |      |      |         | 1.08*    | 1.08*   |
| Pseudo R <sup>2</sup>                                       | 0.04 | 0.09 | 0.11    | 0.11     | 0.19    |

\*\*\*  $p < .001$ ; \*\*  $p < .01$ ; \*  $p < .05$

With regard to the likelihood of remitting, we ran 5 different models. In Model 1, the control variables were included. Model 2 also incorporated respondent's socio-economic status variables (perceived income, educational attainment, employed, occupational attainment), with an expected positive effect according to both the altruism and self-interest theories (though a negative effect of education according to the exchange model), and 'number of siblings', 'presence of parents abroad' and 'age' with a different expected effect between remittance motives models in question. In the next two models, besides the control variables, the variables capturing emotional attachment (Model 3) and economic attachment and return-related factors (Model 4), respectively, were taken into account. As mentioned above, these variables are new elements in order to shed more light on the dominance of each type of remitting motive: emotional attachments are expected to be main predictors in case

of altruism motives, while economic attachment and return-related factors are more in line with pure self-interest behaviour. In the final model (Model 5), all variables were included.

When only the control variables are considered (Model 1), religiosity (indicated by respondent's type of Muslim) influenced whether or not s/he did remit. So-called strict, social and symbolic Muslims were more likely to remit than non-Muslims; no significant difference in remitting was found between the latter and those identifying themselves as Muslim but not following Islamic rules. Gender had no effect on the likelihood of remitting. Second-generation migrants of (former) Yugoslavia origins were more likely to remit than those of Turkish origin, whereas Moroccan second-generation migrants had a lower likelihood of remitting. Geographical distance had a clear positive effect: the longer the distance, the more likely to send remittances. The integration policies of respondent's country of residence had no effect.

Model 2 partially confirms the expected positive effect of immigrant's socio-economic status according to both the altruism and pure self-interest models. Being employed increased the likelihood to remit although the occupational level had no additional effect. Educational attainment did not substantially influence one's remitting behaviour as well; neither a negative (as expected by the exchange model) nor a positive effect (expected by the other models) was found. In addition, having no problems to make end meet did not increase the likelihood of remitting. The number of siblings and its square did not affect the likelihood to remit, which is contrary to the expectations of the altruism and inheritance models but in line with the exchange and strategic models. The presence of parents abroad, as opposite indicator of familial distance, enormously increased the likelihood to remit, an effect which has been raised by both the altruism and inheritance model. Contrary to all remittance motives models, the likelihood to send remittances increased with age.

In line with the altruism model, emotional attachment substantially affected the likelihood to remit. Respondents who more often were watching TV-channels from parents' home country, using the ethnic

language in family setting, visiting parents' home country for family reasons or participating in organisations of ethnic signature as well as those having a first- or second-generation partner, were more likely to send remittances. No positive effect, however, was found on feelings of belonging to parents' home country and co-ethnic friendship. Once we accounted for respondents' degree of emotional attachment, the previously observed differences in remitting behaviour by type of Muslim become insignificant, indicating that the greater likelihood of remitting among those second-generation migrants following of Islamic rules was largely attributable to their stronger emotional attachment with parent's country of birth. Emotional attachment seems also to be gender-related as in Model 3 a significantly higher likelihood of remitting was found for men.

Model 4 shows that the investment and return-related variables also had a significant positive effect up remitting behaviour, which is accordance with the exchange model. Respondents who had invested in parent's country or origin, who expressed a return intention, whose career was far worse than expected, as well as those who were dissatisfied with their level of education, were more likely to remit. Endogeneity is likely to play a role between remittances and investments because a part of the money send to the homeland through remittances could be used for investment. Looking at the direction of the effects of educational and occupational satisfaction, our findings better fit with the neoclassical theory on return migration, that interprets return as an integration failure. After data on these variables have been included, no striking changes were found in the effects of the control variables compared to Model 1.

In the final model (Model 5), all independent variables were taken into account. Most of the variables remain significant. Besides the change of the type-of-Muslim effect into insignificance (attributable to the association with emotional attachment, as notified before), the only exceptions are: use of ethnic language, and having a second-generation partner.

Table 3. Multinomial effects of variables on amount of remittances send by second-generation migrants in selected TIES-cities ( $N=3,690$ )

|   | No remittances | Less than 500 euros | 500 or more euros |
|---|----------------|---------------------|-------------------|
| <b>Control variables</b>                                    |                |                     |                   |
| Man   | -0.00          | -0.01               | 0.01              |
| Type of Muslim (ref. no Muslim at all):                     |                |                     |                   |
| Strict Muslim   | -0.00          | 0.01                | -0.01             |
| Social Muslim   | -0.05*         | 0.05*               | 0.00              |
| Symbolic Muslim   | -0.03          | 0.03*               | 0.00              |
| Identificational Muslim                                     | -0.02          | 0.02                | 0.00              |
| Immigrant group (ref. Turks)                                |                |                     |                   |
| Moroccans   | 0.02           | -0.01               | -0.01             |
| (Former) Yugoslavs  | -0.10**        | 0.04                | 0.06**            |
| Geographical distance                                       | -0.00***       | 0.00***             | 0.00**            |
| Multicultural (versus DE/A)                                 | -0.01          | 0.03*               | -0.02*            |
| <b>Immigrant's socio-economic status</b>                    |                |                     |                   |
| Perceived difficulties with income                          | -0.01          | 0.00                | 0.01              |
| Educational attainment                                      | -0.00          | 0.01                | -0.00             |
| Employed  | -0.05***       | 0.04***             | 0.02**            |
| Occupational attainment                                     | 0.00           | -0.00               | 0.00              |
| <b>Number of migrants in the same household</b>             |                |                     |                   |
| Number of siblings  | -0.00          | 0.00                | -0.00             |
| Number of siblings-square                                   | -0.00          | -0.00               | 0.00              |
| <b>Familial distance</b>                                    |                |                     |                   |
| Parents abroad  | -0.11***       | 0.06**              | 0.05**            |
| <b>Time</b>   |                |                     |                   |
| Age   | -0.00***       | 0.00                | 0.00**            |
| <b>Emotional attachment (excl. close family)</b>            |                |                     |                   |
| Feelings of belonging to parents' home country              | -0.00          | -0.00               | 0.01              |
| Watching TV-channels from parents' home country             | -0.01*         | 0.01                | 0.01              |
| Use of internet for information about parents' home country | -0.05**        | 0.01                | 0.04***           |
| Use of ethnic language in family setting                    | -0.04*         | 0.02                | 0.02              |
| Participation in organisations of ethnic signature          | -0.05***       | 0.03**              | 0.02*             |
| Co-ethnic friendship  | -0.01          | 0.00                | 0.00              |
| Partner (ref. native or no partner)                         |                |                     |                   |
| First-generation partner                                    | -0.11***       | 0.07***             | 0.04***           |
| Second-generation partner                                   | -0.02          | 0.02                | 0.00              |
| Visiting parents' home country for family reasons           | -0.05***       | 0.02**              | 0.02**            |
| <b>Economic attachment and return-related factors</b>       |                |                     |                   |
| Investment  | -0.36***       | 0.11**              | 0.25***           |
| Return migration intention                                  | -0.01          | 0.00                | 0.00*             |
| Satisfaction with career:                                   |                |                     |                   |
| Far worse than expected                                     | -0.05          | 0.03                | 0.02              |
| Worse than expected   | 0.00           | -0.01               | 0.00              |
| Satisfaction with level of education                        | -0.01          | 0.01                | 0.00              |
| Pseudo R <sup>2</sup>                                       |                | 0.18                |                   |

\*\*\*  $p < .001$ ; \*\*  $p < .01$ ; \*  $p < .05$



To test the effects of variables used in the logistic regression on the amount of remittances we applied a logit multinomial regression: the dependent variable is categorised as follow: (1) didn't send remittances; (2) sent less than 500€ (3) sent 500€ or more (all categories are referred to the last 5 years). To interpret regression's results, we estimated marginal effects. Results are presented in Table 3.

Social and symbolic Muslims especially differ with non-Muslims in remitting small amounts of remittances. The same difference was found between second-generation migrants living in a country with a multicultural regime (Netherlands and Sweden) and those living in a country with a more exclusionist or assimilationist approach. Furthermore, the previous finding of an increased likelihood of remitting among former Yugoslavs and 'older' migrants is mainly attributable to a higher proportion of people in both groups who sent a relatively large amount of money. The amount of remittances did not vary substantially with migrants' socio-economic status and their emotional attachment to parents' country of origin (including presence of close family). The only exception is the use of internet for obtaining information about parents' home country, which was positively linked with higher amounts of remittances. Finally, second-generation migrants who did invest in the parent's home country and those with a return intention were particularly characterized by sending high amounts of money. Apparently, potential returnees were more likely to invest in material assets at home in order to prepare their return.

## 6. Conclusion and Discussion

To what extent are the second-generation migrants sending remittances to their homeland? And what are the reasons behind their remitting behaviour: are the second-generation remitters more driven by altruism or by self-interest? We tried to answer these research questions in this study by examining the main predictors to remit among second-generation Turks, Moroccans and former Yugoslavs residing in several cities across Europe. More particular, different theories on microeconomic determinants of remittances were tested. We built on the review of the theoretical debate, analyzed by Rapoport and Docquier (2005), who suggest several motivations behind remitting behaviour of first-generation migrants, such as pure altruism, bequest and the use of remittances to obtain a wide range of services, and more intricate motives such as family loan repayment and insurance.

According to our results, two types of motives seem to dominate the remitting behaviour of second-generation migrants: altruism, i.e. sending money because of being emotionally attached to parent's home country, and exchange motivations, i.e. remitting to those people who look after their investments or other material assets which are likely to be part of their preparation for returning. Whether the presence of these two types of motives implies different groups of remitters, is questionable. First of all, remitting is usually not driven by a single motivation but rather the result of a mixture of different motives. Second, being more likely to remit in case of strong emotional bonds is not necessarily driven by altruism feelings only, but could also be attributable to self-interest, viz. in order to strengthen social ties and to make it more easier to integrate once back 'home'. This interpretation is close to the return model stated by Lucas and Stark (1985), which seems to be overlooked in the theoretical literature. According to this model, remittances could be sent in order to invest in housing, livestock or other assets, or to enhance social prestige and strengthen the relationships with relatives and/or friends (social assets), in preparation of a definitive return to the community of origin. Due to its potential relevance to explain the motivation behind remittances, also in case of second-generation

migrants, we recommend future researchers to include the return model within the theoretical framework of the remittances' theory.

As mentioned above, the theoretical models of remittances are exclusively developed for the first-generation migrants; to our knowledge, no previous studies have tried to test these models in the case of the second-generation migrants. A further difficulty with the remittances models is that discriminating tests require a large number of variables, as also Rapoport and Docquier (2005) highlighted in their conclusion. In the present paper, however, quite a large number of variables have been used, also in addition to the conventional ones. Nevertheless, no information was available about the socio-economic status of those left behind, which would allow us to better discriminate between the models. Moreover, as we did not have data to whom second-generation migrants remitted, examining the effect of "familial distance" was far from optimal. Hence, future efforts to develop theoretical-driven remittances models among second-generation migrants, containing and testing a broad set of factors differentiating among the models, are highly recommended.

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